

At a regular meeting of the Town Council of the Town of Blacksburg, Virginia, held on the 28th day of September, 2004, the following Town Council members were recorded as present:

PRESENT:

On motion by _____, seconded by _____, the attached Ordinance was approved upon first reading by at least five of the members of the Town Council by a roll call vote, the votes being recorded as follows:

MEMBER

VOTE

At a regular meeting of the Town Council of the Town of Blacksburg, Virginia, held on the 26th day of October, 2004, the following Town Council members were recorded as present:

PRESENT:

On motion by _____, seconded by _____, the attached Ordinance was enacted upon second reading following a public hearing held in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended, and Section 3.15 of the Town Charter by at least five of the members of the Town Council by a roll call vote, the votes being recorded as follows:

MEMBER

VOTE

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF BLACKSBURG,
VIRGINIA AUTHORIZING THE ISSUANCE OF ITS GENERAL OBLIGATION
CAPITAL IMPROVEMENT BOND, SERIES 2004

The Town Council of the Town of Blacksburg, Virginia ("Town") has determined that it is advisable to issue up to \$3,800,000 general obligation bonds (the "Bond") of the Town to finance the cost, in whole or in part, of various capital improvements including parks and recreation projects, water tank construction, restoration of historic structures, street and traffic control improvements, public works building and other public improvements and infrastructure (the "Projects") and has held a public hearing as required by Section 15.2-2606 of the Code of Virginia of 1950, as amended and Section 3.15 of the Town Charter on the issuance of the Bond.

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Blacksburg, Virginia, that:

1. Authorization of Bond and Use of Proceeds. The Town Council hereby determines that it is advisable to contract a debt and to issue and sell the Bond in the maximum principal amount of \$3,800,000. The issuance and sale of the Bond is hereby authorized. The proceeds from the issuance and sale of the Bond shall be used to pay the costs of the Projects.
2. Pledge of Full Faith and Credit. The full faith and credit of the Town are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on the Bond as the same become due and payable. The Town Council shall levy an annual ad valorem tax upon all property in the Town, subject to local taxation, sufficient to pay the principal of, premium, if any, and interest on the Bond as the same shall become due for payment unless other funds are lawfully available and appropriated for the timely payment thereof.
3. Details and Sale of Bond. The Bond shall be issued upon the terms established pursuant to this Ordinance and upon such other terms as may be determined in the manner set forth in this Ordinance. The Bond shall be issued in fully registered form, shall be dated such date as the Town Manager may approve, shall be in the form of a single bond in the denomination equal to its principal amount or, if approved by the Town Manager in one or more series in minimum denominations of \$100,000. The Bond shall be issued upon such other terms as may be approved by the Town Manager, including, but not limited to, the aggregate principal amount of the Bond, the prepayment provisions, the sale price and interest rate on the Bond, provided that the final principal payment on the Bond shall be not more than approximately 25 years from its date, the principal amount shall not exceed \$3,800,000 and the interest cost of the Bond shall not exceed 6.0%. The Town Manager is authorized to accept the proposal for the purchase of the Bond, which such officer determines to be most advantageous to the Town.
4. Form of Bond. The Bond shall be in substantially the form attached to this Ordinance as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Ordinance. There may be endorsed on the Bond such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

5. Execution of Bond. The Mayor and the Clerk of the Town are authorized and directed to execute appropriate the Bond and to affix the seal of the Town thereto and to deliver the Bond to the purchaser thereof upon payment of the purchase price. The manner of execution and affixation of the seal may be by facsimile, provided, however, that if the signatures of the Mayor and the Clerk are both by facsimile, the Bond shall not be valid until signed at the foot thereof by the manual signature of the Bond Registrar.

6. Non-Arbitrage Certificate and Tax Covenants. The Town Manager and such officers and agents of the Town as he may designate are authorized and directed to execute a Non-Arbitrage Certificate and Tax Covenants setting forth the expected use and investment of the proceeds of the Bond and containing such covenants as may be necessary in order to comply with the provisions of the Internal Revenue Code of 1986, as amended ("Code"), including the provisions of Section 148 of the Code and applicable regulations relating to "arbitrage bonds." The Town Council covenants on behalf of the Town that the proceeds from the issuance and sale of the Bond will be invested and expended as set forth in the Town's Non-Arbitrage Certificate and Tax Covenants, to be delivered simultaneously with the issuance and delivery of the Bond and that the Town shall comply with the other covenants and representations contained therein.

7. Designation for Bank Qualification. The Town Council designates the Bond as a "qualified tax-exempt obligation" eligible for the exception from the disallowance of the deduction of interest by financial institutions allocable to the cost of carrying tax-exempt obligations in accordance with the provisions of Section 265(b)(3) of the Code. The Town and any of its "subordinate entities" do not reasonably anticipate issuing more than \$10,000,000 in tax-exempt obligations during calendar year 2004 and during such calendar year the Town will not designate more than \$10,000,000 of qualified tax-exempt obligations pursuant to such Section 265(b)(3).

8. Further Actions. The Mayor and the Town Manager and such officers and agents of the Town as either of them may designate are authorized and directed to take such further action as they deem necessary regarding the issuance and sale of the Bond and all actions taken by such officers and agents in connection with the issuance and sale of the Bond are ratified and confirmed.

9. Effective Date. This Ordinance shall take effect immediately.

Enacted by the Town Council at a meeting duly called and held on October 26, 2004.

Mayor

ATTEST:

Town Clerk

1st Reading:_____

2nd Reading & Adoption:_____

Exhibit A
FORM OF BOND

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

No. R-

TOWN OF BLACKSBURG

GENERAL OBLIGATION CAPITAL IMPROVEMENT BOND,
SERIES 2004

MATURITY DATE

INTEREST RATE

REGISTERED OWNER:

PRINCIPAL AMOUNT:

TOWN OF BLACKSBURG, VIRGINIA (the "Town"), for value received, acknowledges itself indebted and promises to pay to _____ as registered owner of this Bond or legal representative, the principal amount of _____ and to pay interest on the principal amount of this Bond at the annual rate of ____%. Principal and interest on the Bond shall be paid in the amounts and on the dates set forth on Schedule I attached to this Bond. Both principal of and interest on this Bond are payable in lawful money of the United States of America. Interest on this Bond is calculated based on [a year of 360 days and 12 30-day months]. The principal of and interest on this Bond are payable by check or by wire transfer mailed or sent to the registered owner hereof without presentation and surrender except for the final payment of principal and interest which shall be payable upon presentation and surrender hereof at the office of the Town Manager as Bond Registrar.

This Bond has been duly authorized by the Town Council and is issued for the purpose of providing funds to pay the costs of various capital improvements, including parks and recreation projects, water tank construction, restoration of historic structures, street and traffic control improvements, public works building and other public improvements and infrastructure. The full faith and credit of the Town are irrevocably pledged for the payment of the principal of and premium, if any, and interest on this Bond in accordance with its terms.

This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, and, more particularly, issued pursuant to the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended, the Town Charter and an ordinance adopted by the Town Council on October 26, 2004 (the "Ordinance").

[The principal installments due on this Bond are subject to prepayment at the option of the Town prior to their stated maturities in whole or in part, on any date on or after _____, upon payment of (insert payment provisions)].

Notice of any such prepayment shall be given by the Town to the registered owner by first class mail, facsimile or overnight delivery service not less than thirty (30) days before the date fixed for prepayment.

This Bond may be transferred only by an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative in a form satisfactory to the Bond Registrar. Such transfer shall be made in the registration books kept by the Bond Registrar upon presentation and surrender hereof and the Town shall execute, and the Bond Registrar shall authenticate, if necessary, and deliver in exchange, a new Bond having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rate, and registered in names as requested by the then registered owner hereof or such owner's attorney or legal representative. Any such exchange shall be at the expense of the Town, except that the Bond Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Town Manager may designate a successor Bond Registrar and/or paying Agent, provided that written notice specifying the name and location of the principal office of any such successor shall be given to the registered owner of the Bonds. Upon registration of transfer of this Bond, the Bond Registrar shall furnish written notice to the transferee of the name and location of the principal office of the Bond Registrar and/or the paying Agent.

The Bond Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

This Bond shall not be valid or obligatory for any purpose unless and until authenticated at the foot hereof by the Bond Registrar.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to the issuance of this Bond have happened, exist or been performed in due time, form and manner as so required and that the indebtedness evidenced by this Bond is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Town Council of the Town of Blacksburg, Virginia, has caused this Bond to be signed by the facsimile signature of its Mayor, a facsimile of its seal to be affixed and attested by the facsimile signature of its Clerk and this Bond to be dated October __, 2004.

TOWN OF BLACKSBURG, VIRGINIA

By: _____
Mayor, Town of Blacksburg, Virginia

[SEAL]

ATTEST:

Town Clerk
Town of Blacksburg, Virginia

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE. OF
ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and does hereby irrevocably constitute and appoint

_____, attorney, to transfer said Bond on
the books kept for registration of said Bond, with full power of substitution in the premises.

Dated _____

Signature Guaranteed:

(NOTICE: Signature(s) must be
guaranteed.)

Registered Owner
(NOTICE: The signature above
must correspond with the name
of the Registered Owner as it
appears on the books kept for
registration of this Bond
in every particular, without
alteration or change.)

Schedule I

[Insert Amortization Schedule]